

### AMT Unfairly Burdens Middle Class Taxpayers by U.S. Rep. Lloyd Doggett

As a member of both the House Budget Committee and the House Ways and Means Committee, I work to ensure that our Nation's tax policy is administered fairly. In recent years, one method of taxation - the deceptively-named Alternative Minimum Tax (AMT) - has become a tremendous burden for many middle class families. The AMT was originally intended to prevent millionaires from shielding their assets from tax liability. Today, it is the working middle class, not millionaires, who struggle to pay the AMT. Because the income level at which the tax takes effect is not adjusted for inflation, a growing number of families find themselves subject to the AMT each year. Within the next year, millions more Americans will be forced to spend the time and effort to complete the additional paperwork needed to recalculate their tax burden and pay the AMT if a timely fix is not found.

### **Meanwhile, Wealthy Tax Cheats are Costing Honest Taxpayers Millions**

The AMT was meant to prevent tax avoidance, not punish middle class taxpayers. But the wealthiest few have found new ways to unfairly shield their income and avoid paying their fair share of our national defense and other bills. The number of wealthy but untaxed families has grown from just 155 in 1969 to more than 2,800 in 2003. Corporations have gone to even greater lengths to dodge taxes. Some have even fled abroad in search of offshore island tax havens. For example, more than 13,000 claim to be "doing business" from a single office building in the Cayman Islands so they can avoid paying U.S. taxes. To add insult to injury, many of these same companies seek taxpayer-funded subsidies and government contracts - even though they refuse to pay their fair share of taxes.

### **Responsible Budgeting Will Make it Easier to Fix the AMT**

It would be easier to fix the problems with the Alternative Minimum Tax if we exercised greater fiscal discipline in Washington, D.C. In fact, the President's own budget concedes that without increasingly burdening families with the AMT, the budget would fail to balance. AMT reform and other relief for families can be achieved consistent with a pay-as-you-go budget, but only if we close tax loopholes, tax shelters, and end tax shenanigans that benefit the wealthiest few at the expense of everyone else. Tax avoidance by the very wealthy accounts billions of lost revenue - money that could fund vital needs and lightened the load for taxpayers who play by the rules.

### **Administration Must Work with Congress**

Unless Congress acts this year, more than 23 million American families will be forced to pay the higher AMT amount. We must work with the Administration to provide these families with the tax relief and peace of mind they deserve. This new Congress offers a new opportunity for progress, and hopefully the Administration will offer ideas on how to solve the problem responsibly.